

Come Home to...



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First National Bank

September 6, 2005

Mr. Johns F. Carter, Director
FDIC - San Francisco Regional Office
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, CA 94105

RE: Wal-Mart

Dear Director Carter:

I'm writing to you today to express my concern pertaining to the pending application by Wal-Mart for deposit insurance for its pending Utah based ILC. I would ask that this application be denied.

I'm the president of a bank in Liberal Kansas, a rural community of approximately 18,000 people; located in the southwest corner of the state. My bank has total assets of \$167 million and has a branch located in the Wal-Mart Center in Liberal. Liberal has one other locally owned bank and a branch of Sunflower Bank and Bank of America.

I've seen first hand what the presence of Wal-Mart can do to the ma and pa type retail sector of a community and would hate to see the same thing happen to our bank and other community banks across the country. When Wal-Mart came to town, our downtown was a busy place full of clothing and retail type stores. Today, it is not. Many of these stores have closed as a result of their inability to compete with Wal-Mart.

It's tough enough for a bank our size to compete with the giant banking chains such as Bank of America; however, we are able to do so by selecting a niche that these big franchises seem to ignore. This is the same niche that Wal-Mart would be interested in. By allowing Wal-Mart to become just another big chain competitor, the traditional community bank may cease to exist in a community of our size.

In Liberal and other rural communities across the state of Kansas, the population is aging and the younger generation is not returning to live due to a number of reasons. As a result, we are finding it harder to attract and retain deposits that will stay in the community and be used for the benefit of the same. In a way, deposits are dying or

Money \$ Mart Branch
250 E. Tucker Rd.-Box 1217
Liberal, KS 67905-1217
(620) 624-2700
Fax (620) 624-4916

Main Bank
324 N. Kansas-Box 1217
Liberal, KS 67905-1217
(620) 624-1971
Fax (620) 624-9639
www.fnbliberal.com

Hugoton Branch
502 S. Jackson-Box 908
Hugoton, KS 67951
(620) 544-8908
Fax (620) 544-7441
www.fnbhugoton.com

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moving off. With Wal-Mart, deposits will be accumulated and transferred to who knows where. We see this everyday with the large banking franchises and I've no doubt that Wal-Mart would do the same. As a community bank, our existence is based on local deposits and we simply do not have the avenues available to us to attract wholesale deposits the way that Wal-Mart could.

Why does Wal-Mart want to be in the banking industry? It would be impossible for my bank to go into the retail industry due to regulations and safety and soundness issues. Why would we want to? Shouldn't the same rationale apply to Wal-Mart? Isn't the banking industry currently serving the needs of its customers and communities? I think so.

As a community bank, we strive to meet the needs of our customers and communities in which we serve. We've been doing so for over 105 years. We are constantly seeking new ways to enhance our product line in order to compete in this ever changing and competitive marketplace. My concern as a community banker is if a retail giant like Wal-Mart is allowed to enter into the banking arena, will we be able to compete due to their size and resources. Who will be the ultimate winner I ask, the consumer, the community or Wal-Mart? My guess is Wal-Mart and at the community banks demise.

Thank you for your consideration on this very important matter. If you should have any questions or comments, please don't hesitate to contact me.

Respectfully yours,

A handwritten signature in dark ink, appearing to read 'Cary Utz', with a stylized flourish at the end.

Cary Utz
President & C.E.O